

WASHINGTON POST
20 APR 1971The Washington Merry-Go-Round*U.S. Is Forced to Spy on Saigon***By Jack Anderson**

As new evidence of the perplexity of the Vietnam war, it has now leaked out that the U.S. has devoted almost as much effort spying on Saigon as on Hanoi.

The policymakers in Washington, ever uneasy about their allies in Saigon, are anxious to know what they're up to. To find out, America's antennas have been picking up President Thieu's private messages.

These intercepted messages, known in the intelligence trade as "gamma controlled items," are decoded by the National Security Agency and distributed to the White House, State Department, Defense Department, and Central Intelligence Agency.

A competent source explained to us that the U.S. had provided code machines to South Vietnam. Our knowledge of the construction and wiring of the machines, he said, enables us to intercept their messages.

The South Vietnamese messages that fall into our hands are identified by the code name "Gout." NSA stamps them "immediate precedence" and sends them by teletype to the White House marked "Exclusive for Dr. Henry A. Kissinger/White House." At the bottom of each message, the date and time of the interception is given.

Long forgotten, apparently,

is the day in 1929 when State Secretary Henry Stinson shut down the State Department's code-breaking section, explaining: "Gentlemen do not read each other's mail."

Stock Scandal

Several Wall Street luminaries, unaware that their remarks were being recorded, have made damning statements about the operations of the New York Stock Exchange.

They have accused the exchange, which is supposed to police Wall Street, of favoring the big brokerage houses over the small investors.

In an earlier column, we published excerpts from 20 hours of taped telephone conversations made by Cy Baker, a former broker now driving a taxicab, who is collecting evidence for an \$8 million lawsuit against the exchange.

He charges the stock exchange blacklisted him without a hearing and thereby prevented him from getting work in Wall Street. Thirty firms were ready to hire him, he says, until the exchange put the hex on him.

Here are additional excerpts from the surreptitious tapes:

On one tape, Baker pressed Irving Rothbard, a partner at Leynor Dreskin, for a job.

"The exchange said to lay off me awhile?" demanded Baker.

"Cy, you're putting me on the spot," said Rothbard.

"Well," said Baker, "I'm just

trying to understand so I can try to put pieces together."

Replied Rothbard: "Yes, that's what they said... They didn't say yes; they didn't say no; they didn't say good; they didn't say bad... They just said please hold off for a little while... Now that's my regulatory body. That's my God... If they say sh—, I have to ask them what color."

Sid Cohn, managing partner of S.D. Cohn and Co., told Baker on the telephone that the Stock Exchange operates "like the 17th century... like the star chamber."

Wall Street Politics

"We've all done something we wouldn't like to see revealed," he added.

Baker asked Charles McGuire, a former top investigator for the Stock Exchange, about unequal treatment by exchange officials.

"Politics," said McGuire.

"At the exchange, you mean?" asked Baker.

"Well, certainly!" snorted McGuire. "Certain firms don't get brought up on charges when certain things occur."

Baker taped a similar view from Malcolm Babbitt, the distinguished sales manager at Coggeshall and Hicks.

"Have you ever known a bigger political organization than the New York Stock Exchange?" asked Baker.

"Absolutely not!"

Baker hopes to show that the stock exchange is a regulatory body like federal agencies

but without the safeguards built into federal agencies.

Footnote: The financiers whose conversations were secretly taped by Baker were generally outraged when we told them about it. Rothbard said: "I am shocked to say the least that (Baker) could stoop to that level when I was trying to help him." Cohn said his remarks were intended to let Baker down easy. Babbitt at first threatened to deny the quotes if we printed them. Then he said pleadingly: "Look, I've got to live here." Only McGuire, though initially shocked to learn his words had been recorded, didn't equivocate. He said even more straight talk was needed.

GI Parcels

Several GIs have complained to us about the loss of packages in the overseas mail. The attitude of the military brass, they say, usually has been "tough luck." We found that APO parcel losses became so excessive that the postal inspection service ordered two agents to the Pacific to make an investigation. From February, 1969, to January, 1970, some 31,000 parcels were lost containing such items as radios, stereos, tape recorders and cameras. As a result of the investigation, lengthy new guidelines were issued, and the losses have been reduced.

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